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ENERGY SECRETARY RICHARDSON ENDORSES SCHAKOWSKY EARLY WARNING PLAN THAT COULD PREVENT FUTURE GASOLINE AND OIL SHORTAGES AND PRICE RUN-UPS

WASHINGTON, D.C. - During a hearing yesterday in the House Government Reform Committee, Energy Secretary Bill Richardson endorsed a legislative proposal that will be introduced by U.S. Representative Jan Schakowsky (D-IL). Schakowsky's proposal could help prevent future gasoline and heating oil shortages and price run-ups by creating an early warning system to require the Department of Energy (DOE) to keep close tabs on inventories and to report to Congress specific remedies to prevent supply shortages and price spikes.

"I am very pleased that Secretary Richardson has endorsed establishing an early warning system and look forward to working with the Energy Department on this issue. It makes sense to have in place an early warning system, otherwise, consumers could face even higher price spikes in the future," Schakowsky said.

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During the hearing, Secretary Richardson said, "We support it. I think it makes sense. We need to have better tracking of domestic and international petroleum inventories." He also added that such a system would be "valuable for the country and the international community."

The proposal being drafted by Schakowsky would require DOE to monitor crude oil, distillate and gasoline inventories and refinery utilization levels on national and regional levels. DOE would have to notify Congress whenever inventories have fallen to levels that mean supplies may be inadequate to meet needs, creating disruptions and driving up prices. DOE would also have to recommend to Congress what steps could be taken to alleviate inventory problems. Those steps could include releasing of oil from the Strategic Petroleum Reserve oil, requiring increased refinery output, and purchasing of gasoline or heating oil products from abroad.